

Cttee mtg - Vietnam portion - to be presented by DCI on Monday, 16 Sept - Correction made by GACarver on Saturday, 14 Sept.

## POLITICAL SITUATION IN SOUTH VIETNAM

I. The present South Vietnamese government is displaying a greater degree of relative stability than any Saigon government has shown since the 1959-1960 period.

A. The Thieu-Ky problem has been defused. With considerable political deftness, President Thieu has managed to remove most of Vice President Ky's chief supporters from positions of influence or command authority.

1. Premier Huong appears to be a decided asset to the Thieu government. In a way that redounds to the government's political benefit, Huong is visibly and energetically striving to give South Vietnam an honest administration which addresses itself to some of the country's major social and political problems, such as corruption and incompetence.

B. Despite the current period of political stability and the relatively able leadership of Thieu and Huong, the South Vietnamese government is still faced with serious problems.

1. The non-Communist elements in South Vietnamese society -- which, in the aggregate constitute a substantial political majority -- are still disunited and divided. The general improvement in political climate has not been translated into strong, positive political support for the Thieu government.

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Thieu, Huong and others in the leadership recognize that they will be at a distinct disadvantage vis-a-vis the Communists in any post-war period of political competition, unless some effective political organization can be created to unite the country's non-Communist majority.

2. The organization of the Lien Minh is one step Thieu has taken to address this problem. The Lien Minh (National Alliance) is an umbrella grouping of political and social forces which Thieu supports and hopes will be able to engender considerable support for the government. Though the Lien Minh concept holds promise, the actual organization has been slow to get off the ground.
3. The Saigon level problem of organized support for the government is repeated in the provinces, where it is potentially even more serious. The Communists have been moving rapidly in the post-Tet period to create local administrations called "liberation committees" in the areas they control. The Saigon government's organizational and engagement effort among the rural population needs considerable improvement if it is to meet the Communists' political challenge at that level. Huong, however, has formed an inner cabinet to plan and prepare a systematic effort to gain control of people now living in contested or Communist-controlled areas should a cease fire be declared.

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C. Another major problem facing the Thieu-Huong administration is the historically-rooted fact of widespread and entrenched corruption. Huong has undertaken the attack on this problem as one of his primary areas of personal responsibility. His efforts to date have won him considerable personal and political credit, but the problem is still far from solved.

D. Thus far, Vice President Ky has accepted the curtailment of his power and that of his supporters with reasonably good grace.

1. Though his behavior remains correct and responsible, Ky and his supporters are unhappy and bitter. At this point, however, they do not seem inclined to rock the boat by reacting forcefully.
2. Ky sometimes expresses private concern over the danger of Thieu's agreeing to an accommodation with the Communists. It is possible that a precipitate move in this direction by Thieu could trigger a coup attempt by Ky and his followers. Ky's unaided ability to pull off a coup, however, is now doubtful. Real danger on this score would not be likely to materialize unless Thieu moved in a fashion that made a large number of Army officers, civil servants, northern Catholic refugees and others with a strong personal investment in the anti-Communist struggle fear for their lives and the lives of their families.

E. President Thieu's attitude toward peace talks remains that he is willing to meet with representatives of North Vietnam but publicly, at least, he is opposed to sitting down with the Liberation Front.

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1. In private, Thieu gives signs of a willingness to meet secretly with representatives of the Viet Cong.
2. The South Vietnamese government is somewhat nervous over the U.S.-North Vietnamese talks in Paris, but Thieu seems less concerned over a possible unilateral U.S. move in these talks than he was earlier.
3. Thieu does recognize and acknowledge (privately) that the struggle is now in a transitional phase from one in which military combat was paramount to one in which political competition will be paramount. He also recognizes his government's need to prepare for this political competition.

II. South Vietnam's pacification effort was dealt a heavy blow by the Tet offensive. Although considerable recovery has been made, pacification at best is only back to about pre-Tet levels.

- A. Though current trends are favorable, given the lack of security in the countryside throughout much of the country, there is little prospect that major gains will be made in this field over the next six months at least.
- B. The pacification program is presently being restructured to give added emphasis and concentration on protecting and securing major populated areas and key lines of communication.

III. Military losses sustained by South Vietnamese Army units during the Tet fighting placed extraordinary strains upon the already serious manpower shortage faced by the South Vietnamese army.

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A. Shortly after the Tet offensive, the reserves were mobilized, with all reservists with less than 5 years of active service ordered to report by March 15.

1. In addition, all males between 18 and 38 were called to serve in the army. Induction of 19-year-olds began on March first, and 18-year-olds were drafted beginning May first.

B. As a result of these call-ups, the strength of the armed forces was raised by about 120, 000 by June 30.

1. It is anticipated that by the end of the year the total strength of the ARVN will be over 800, 000.

C. However, the combined effect of the drastic rise in manpower input for the army and the lack of adequate exemptions for vital civilian governmental and service functions has adversely affected certain key administrative operations, particularly at provincial and district levels.

1. Under US prompting, the government is now attempting to establish certain exemptions which will keep key governmental and communications operations functioning adequately.

IV. Despite manpower strains and other problems, however, the over-all performance of the South Vietnamese military establishment -- including the Regional and Popular forces as well as the ARVN itself -- has improved notably over the past six months.

A. The results of Tet and post-Tet engagements have improved many

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South Vietnamese units' confidence in their ability to meet Communist challenges, with resultant improvements in these units' own morale and performance.

B. A continuing effort is being made to upgrade the equipment levels of South Vietnamese forces (e.g., by issuing M-16 rifles) and resolve equipment shortages or supply problems.

C. The key problem in South Vietnamese military performance -- as in many other areas including pacification and local administration -- remains that of first echelon leadership at the squad, platoon and company level.

V. The slow rate of over-all improvement in pacification and local security is to some extent offset by the significant improvements made in recent months in the attack on the Communists' local organization and the committee structure which directs the Communists' political and military effort -- a structure collectively referred to as the Viet Cong infrastructure.

A. The primary stimulus to improved activity in this sphere is the Phung Hoang (Phoenix) program, for which Thieu's full support has been made unambiguously clear.

1. The Phung Hoang program stitches together in coordinated fashion the individual efforts of all provincial intelligence and security components, both Vietnamese and allied.

B. Through the Phung Hoang program, considerable progress is being made in the acquisition of intelligence on VC plans and activities at the hamlet, village and district level, on the identification of key

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VC cadre and supporters, and on the local exploitation of intelligence thus developed.

1. Much of the work of Phung Hoang is undramatic, and much of the intelligence derived from it remains at the local level where it is needed and exploitable. For this reason, much of the program's product is often not reported to Saigon, let alone Washington.
- C. Though Phung Hoang has a long way to go (particularly in cracking the Communist organization at provincial, regional and COSVN levels), it is already severely complicating Communist activity in a number of important areas (e. g., Quang Tri province) and consistently develops information of value to the execution of allied tactical and spoiling operations.

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